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MONTANA ECONOMIC INDICATORS

FIRST QUARTER 1980



RESEARCH AND ANALYSIS SECTION EMPLOYMENT SECURITY DIVISION DEPARTMENT OF LABOR AND INDUSTRY P.O. BOX 1728 HELENA, MONTANA 59601

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MONTANA ECONOMIC INDICATORS

AN ANALYSIS OF PAST AND PRESENT ECONOMIC TRENDS

STATE OF MONTANA

THOMAS L. JUDGE, GOVERNOR

DEPARTMENT OF LABOR AND INDUSTRY DAVID E. FULLER, COMMISSIONER

EMPLOYMENT SECURITY DIVISION FRED BARRETT, ADMINISTRATOR

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Volume VII Number }

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Pacific Power and Light

Mountain Bell Telephone Company

Business Week

Employment, Hours and Earnings, and Labor Turnover data produced in cooperation with U. S. Department of Labor, Bureau of Labor Statistics, and the Employment and Training Administration.

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DEFINITIONS

<u>Seasonal Adjustment-</u> A mathematical procedure in which average seasonal fluctuations are removed from the original data leaving a time series that may be analyzed for underlying trends. Seasonal adjustment will be designated by the terms seasonally adjusted, adjusted, or adj.. All indicators are seasonally adjusted unless noted, in which case the original data is presented and designated by the terms not seasonally adjusted, raw data, unadjusted, or unadj.

Economic Indicators- Statistical time series whose cyclical characteristics are known and fairly stable, particularly in the timing of their cyclical peaks and troughs relative to business cycles turns. Economic Indicators are used for the interpretation of past, current, and anticipation of prospective business conditions.

<u>Business</u> <u>Cycles</u>--Sequences of expansions and contractions of aggregate economic activity such as production, employment, income, and trade are defined as business cycles.

<u>Leading Indicator</u>- An economic time series that tends to reverse direction sufficiently in advance of changes in the business cycle.

Coinciding Indicator- An economic time series that parallels changes in the business cycle.

<u>Lagging Indicator</u> An economic time series that reverses direction after that of the business cycle.

<u>Selected Indicator-</u> An economic time series whose timing to business cycles is unknown, but is of interest to Montana's economy.

<u>Index-</u> Any economic time series which indicates change in a factor from a reference year. The reference year is designated as 100 in this publication and may be selected arbitrarily. All indexes in this publication will designate the year selected, such as 1967 = 100; 1972 = 100, etc.

Montana Composit Index- A composite of six indicators of employment and economic activity: Building Permits, Manufacturing Employment: Average Weekly Hours in Manufacturing, Average Weekly Initial Claims, Accession Rate in Manufacturing, and Layoff rate in Manufacturing. A reverse trend has been used for the Layoff Rate and Average Weekly Initial Claims. The components are converted to a series of standardized changes and weights according to their significance and reliability as economic indicators in making the composite; indexed to 1972 = 100.

Real Spendable Earnings- Real spendable average weekly earnings of private nonagricultural production workers represents the earnings of a hypothetical worker after deductions for State Income, Federal Income, and Social Security taxes, and adjustment for change in purchasing power since 1967. This individual is assumed to be the sole support for a family of four, earn the average weekly gross earnings of production workers in Montana's private nonagricultural industries, and take standard tax tables. Purchasing power was adjusted by deflating Spendable Earnings based on the national ALL Items Consumer Price Index.

Because of new benchmarks and new seasonal adjustment factors, some of the series in this publication have been changed to take into account the latest information available. 1979 benchmarks, which reflect the most recent and complete estimates of employment, account for revisions to indicators dealing with total and industry detailed employment. These benchmark levels are revised annually to adjust for sampling errors and any changes to industrial classifications. In addition, all of those series requiring seasonal adjustment have also been revised to reflect the most recent seasonal adjustment factors. Changes in these seasonal series can be attributed to the inclusion of 1979 data in the BLS seasonal adjustment method.

All numbers used in this publication are seasonally adjusted unless otherwise noted.

FIRST QUARTER ANALYSIS: 1980

During the first quarter of 1980, Montana's economy continued to display signs of a slowing economy. This is attributed, in part, to the high interest rates and the national slowdown in the housing market. Layoffs started occurring in the first quarter when a large number of mills started cutting employee payrolls and closing their doors. The biggest share of the lumber and woods layoffs will be seen in the first part of the second quarter.

Montana's Economic Indicators reflected mixed movement from January to March. Of the Leading Indicators, those with positive movement, were Total Non-agricultural Placements and New Corporations, and the Manufacturing Quit Rate. A substantial increase was recorded in Non-agricultural Placements when they rose from 3,891 in December to 4,525 in March, 1980. New Corporations were slightly higher in the first quarter, 1980 than in the fourth quarter, 1979. There was little change between first quarter 1979 and first quarter 1980. The Manufacturing Quit Rate dropped to approximately 1.1 per 100 employees for the first three months of 1980. This compares to a rate of 1.8 per 100 employees for the same time one year earlier.

Some leading indicators with negative effects on the economy include Building Permits and other indicators having to do with manufacturing employment. Interest rates have caused the building permits to decrease considerably, reflecting layoffs in many manufacturing and construction industries. Residential Building Permits dropped from 234 in January to 39 in March. The overall number of building permits had basically the

same movement. The Manufacturing New Hires Rate and the Manufacturing Accession Rate both decreased during January and February, then remained the same from February to March. Manufacturing Average Weekly Hours dropped slightly during the first quarter of 1980, but remained well above the first quarter of 1979.

The Unemployment Rate, Total Unemployment and Average Weekly Insured Unemployed are three coinciding indicators recorded as having negative movements. The unemployment rate rose to 5.7 percent for the first quarter of 1980. The fourth quarter of 1979 had an unemployment rate of 4.7 percent. One year earlier the unemployment rate was 5.8 percent.

A positive indicator for the economy is the fact that Electric Power Sales are up in all areas except in manufacturing, which dropped just slightly in the first quarter of 1980. Montana's Non-agricultural Employment index slipped a bit in the first quarter, but remains eleven points higher than the national non-agricultural employment index.

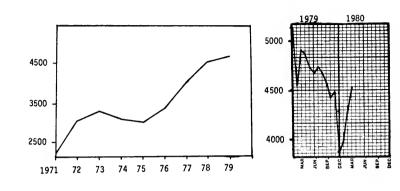
In the oilfield, the only positive economic indicators are Oil Production, where the barrels of oil produced have been increasing since August of 1978, and Natural Gas Withdrawals, which have been on the increase since the start of the quarter. Oil Wells Completed, Oil Refined, and Taxable Gallons of Gasoline have been negative measures for Montana's economy during this quarter. The Help Wanted Advertising indicator, a composite of figures from five major city dailies, has dropped considerably during March.

Looking into the second quarter of 1980, preliminary indications show a strong downturn in Montana's economy.

LEADING INDICATORS

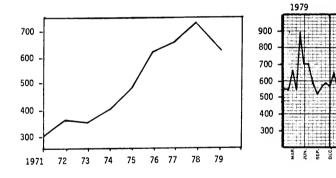
TOTAL NON-AGRICULTURAL PLACEMENTS

	1979	1980
January February March April May June July August September October November December	5,159 4,585 4,925 4,890 4,738 4,675 4,738 4,670 4,573 4,426 4,479 3,891	3,983 4,270 4,525



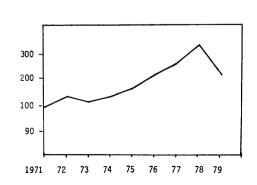
TOTAL NUMBER OF BUILDING PERMITS

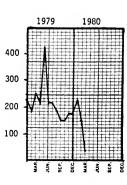
	1979	1980
January February March April May June July August September October November December	556 549 660 548 891 704 704 590 520 567 586 579	657 571 411



NUMBER OF RESIDENTIAL BUILDING PERMITS

	1979	1980
January February March April May June July August September October November December	231 193 252 220 421 228 220 196 159 158 185 183	234 184 39

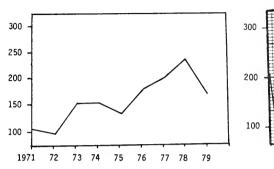


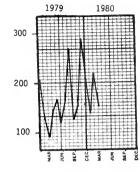


1980

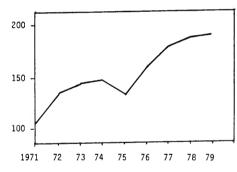
NEW BUSINESS TELEPHONES

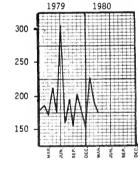
	1979	1980
January February March April May June July August September October November December	201 137 92 136 168 123 171 269 133 156 288 220	135 218 154





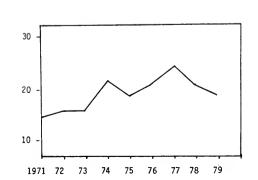
	NEW CORPORATIONS	
	1979	1980
January February March April May June July August September October November December	176 186 174 213 175 307 161 195 156 205 176 154	227 190 176



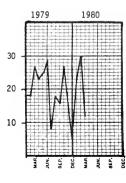


WITHDRAWALS and DISSOLUTIONS of CORPORATIONS

	1979	1980
January	18	21
February	18 27	30
March April	23	12
May	25	
June	29	
July	-8	
August	18	
September	16	
October	27	
November	16	
December	5	



7.



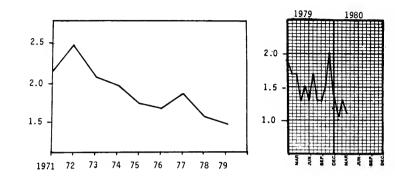
LEADING INDICATORS

MANUFACTURING QUIT RATE (PER 100 EMPLOYEES)

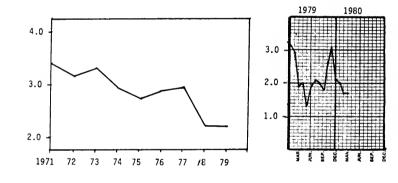
MANUFACTURING NEW HIRES RATE

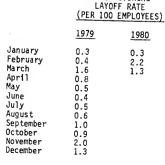
MANUFACTURING

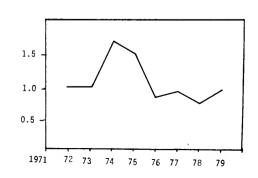
	1979	1980
January February March April May June July September October Occember	1.9 1.7 1.7 1.3 1.5 1.3 1.7 1.3 1.5 2.0	1.0 1.3 1.1

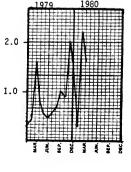


	(PER	100 EMPLOYEES)
	1979	1980
January February March April May June July August September October November December	3.2 2.9 1.9 2.0 1.3 1.9 2.1 2.0 1.8 2.5 3.1 2.1	2.0 1.7 1.7







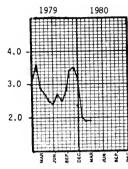


LEADING INDICATORS

MANUFACTURING ACCESSION RATE (Per 100 employees)

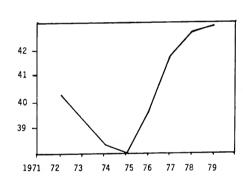
	1979	1980
January February March April May June July August September October November December	3.1 3.6 2.9 2.7 2.5 2.4 2.7 2.5 2.8 3.4 3.5	2.0 1.9 1.9

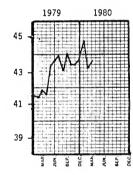




MANUFACTURING AVERAGE WEEKLY HOURS

	1979	1980
January February March	41.5 41.4 41.8	44.8 43.2 43.6
April May June	41.6 43.3 43.6	
July August	43.9 43.2	
September October November	44.0 43.4 43.4	
December	43.4	



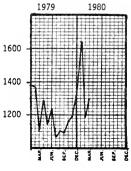


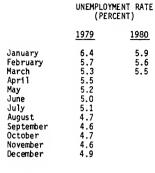
AVERAGE WEEKLY INITIAL CLAIMS

	1979	1980
January February March April May June July August September October November December	1,382 1,372 1,172 1,286 1,153 1,219 1,076 1,102 1,098 1,162 1,191 1,314	1,640 1,197 1,299

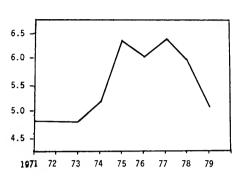
December

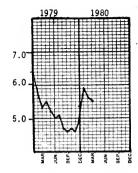




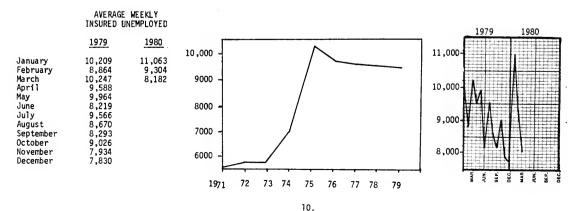


UNEMPLOYMENT

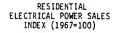




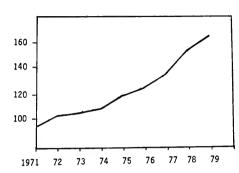
	TO	TAL			1979 1980
	1979	1980	22,000 -		
January February March	23,537 20,913 19,462	21,882 21,036 20,749	20,000 -		22,000
April May June	20,290 19,386 18,579		18,000 -		20,000
July August September October	18,668 17,285 17,077 17,313		16,000 -		18,000 -
November December	17,081 18,438		14,000	72 73 74 75 76 77 78 79	мал



COINCIDING INDICATORS



	1979	1980
January	191.9	157.7
February	192.0	163.6
March	173.2	172.4
April	160.0	
May	163.7	
June	153.3	
July	155.2	
August	156.0	
September	156.5	
October	151.8	
November	150.6	
December	155.9	



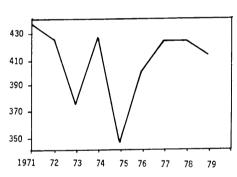


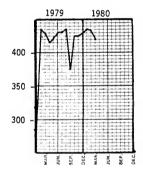
MANUFACTURING ELECTRICAL POWER SALES INDEX (1967=100)

1980

435.2 432.3 421.6

	1979
January February March April May June July August September October November	285.3 435.2 430.1 417.9 423.8 430.7 431.0 435.0 374.7 426.9 425.8
December	429.0



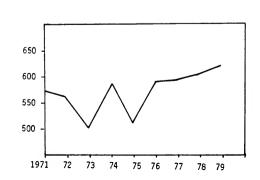


COMMERCIAL-INDUSTRIAL ELECTRICAL POWER SALES INDEX (1967=100)

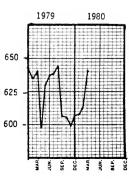
	(,
	1979	<u>1980</u>
February March April May June July August September October	642.5 634.3 640.3 597.2 614.4 627.0 638.0 644.6 613.1 613.8 598.4	615.9 627.6 642.6

613.4

December



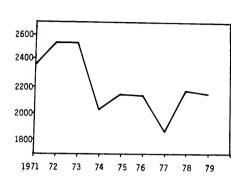
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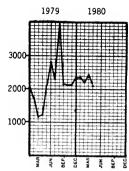


COINCIDING INDICATORS

NEW CAR REGISTRATIONS

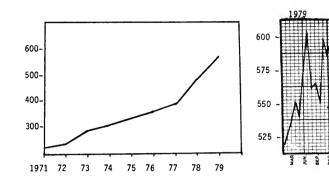
	1979	1980
January February March April May June July	2001 1709 1165 1201 2102 2802 2299	2335 2207 2427 2109
August September October November December	3946 2154 2111 2128 2335	





MONTANA PERSONAL INCOME (IN MILLION DOLLARS)

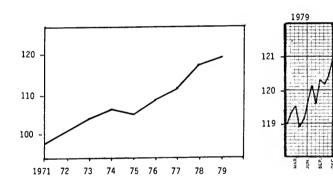
	1979	1980
January February March April May June July August September October November December	520 527 536 551 539 573 604 564 568 550 596 586	596



EMPLOYMENT INDEX U.S.: 1972=100 1979 1980 120.8 121.0 120.5 119.0 119.3 January February 119.5 March April 118.9 May 119.1 119.5 June July 120.1 August 119.6 September October 120.3 120.2 November 120.4

120.9

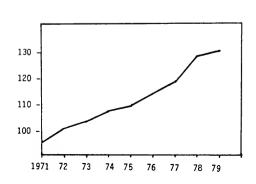
December

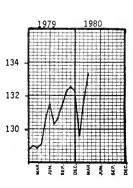




NONAGRICULTURAL

	<u>1979</u>	1980
January February March April May June July August September October November December	128.7 129.0 128.9 129.1 130.6 131.5 130.3 130.6 131.4 132.3 132.5 132.3	129.6 131.5 133.3



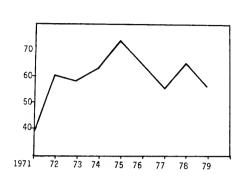


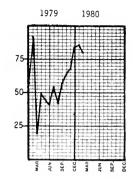
1980

SELECTED INDICATORS

OIL AND GAS WELLS COMPLETED

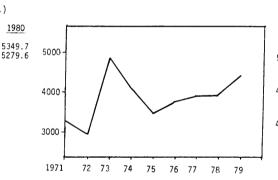
	1979	1980
January February March April May June July August September October November December	57 92 19 49 45 41 54 42 57 64 88	86 80

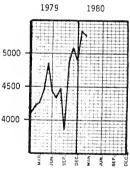




NATURAL GAS WITHDRAWLS (MILLION CU.FT.)

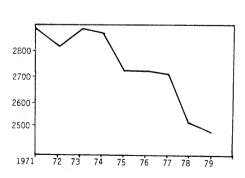
1979 January February 4070.8 4204.4 March 4268.4 4469.2 April May 4851.6 4435.7 June July 4347.9 August 4487.7 3862.1 September October 4867.7 November 5089.8 December 4915.8

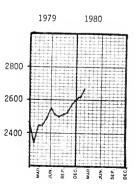




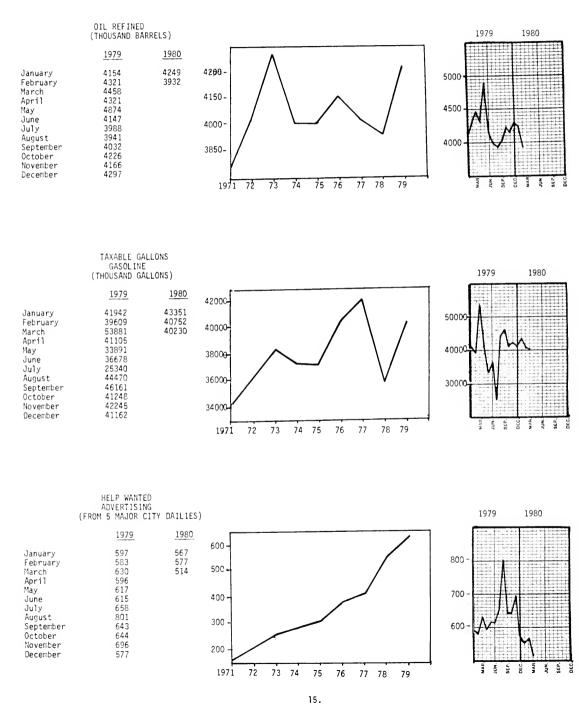
OIL PRODUCTION (THOUSAND BARRELS)

1979 1980 January 2470.9 2620.0 2767.6 February 2345.6 March 2441.1 April 2433.1 May 2497.9 June 2549.9 July 2517.9 August 2504.5 September 2518.3 October 2529.6 2577.5 November December 2609.8





SELECTED INDICATORS



Non-agricultural wage and salary employment in Montana continued to rise during the first quarter of 1980. Average employment of 289,700 for January through March compares to the same period, one year earlier, when employment reached 280,900. Gains in employment were noted in contract construction, wholesale trade, finance, insurance and real estate, and services. These are the same industries with gains reported in the first quarter of 1979. Contract construction dropped substantially during the last two quarters of 1979, but started climbing again in 1980. Wholesale trade has been growing since the second quarter of last year. Employment went up by over 600 from October, 1979 to March, 1980. Retail trade employment dropped by nearly 800 for the first quarter. The increase in wholesale trade was not enough to offset this decrease in retail trade; therefore, overall trade dropped during the first quarter of 1980. Finance, insurance and real estate, and the services industries both rose considerably this quarter. Following total employment of 12,800 in the finance, insurance and real estate industry from July through December of 1979, employment rose to 13,000 this quarter. Service employment rose by 1,600 during the same period of time.

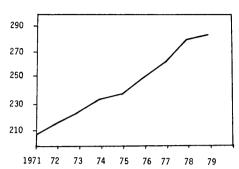
Industrial employment indicators reflecting negative movement in Montana's economy include mining employment, manufacturing employment, and employment in the lumber and woods industry. Government, along with transportation and public utilities, recorded slight increases in employment. The lumber and wood products industry saw a large decrease in employment in February of 1980. The drop in the housing market has caused mills and lumber companies to close and cut payrolls. Manufacturing employment reflects the decline in the lumber and woods industry as it dropped from

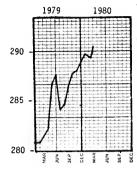
26,700 employees in December to 25,600 in March, 1980. Manufacturing and the lumber and woods industries are expected to continue downward as we step into the second quarter of 1980. More lumber mill and logging layoffs may be seen in the first couple months of the second quarter. Montana industries appear to be tightening up and preparing for a recession. This will be more noticeable in the coming three months.

INDUSTRIAL EMPLOYMENT

NONAGRICULTURAL WAGE AND SALARY (IN THOUSANDS)

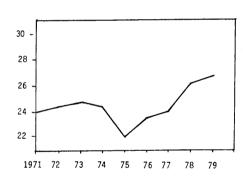
	1979	1980
January February March April May June July August September October November December	280.6 280.8 281.3 282.0 286.7 287.7 284.1 284.7 286.3 287.7 288.0 288.6	289.4 289.3

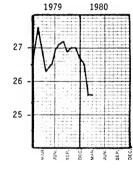




MANUFACTURING EMPLOYMENT (IN THOUSANDS)

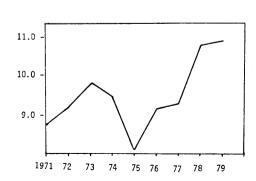
	<u>1979</u>	1980
January February March April May June July August September October November December	26.5 27.6 26.8 26.3 26.5 26.9 27.1 27.2 26.9 27.0 27.0	26.5 25.6 25.6





LUMBER AND WOOD PRODUCTS (IN THOUSANDS)

	(IN THO	JUSANDS)
	1979	1980
January February March April May June July August September October	11.2 11.8 10.9 10.9 10.5 11.0 10.9 11.0	10.5 9.7 10.0
November December	10.7	

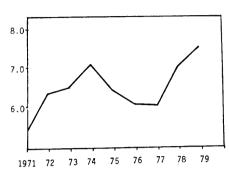


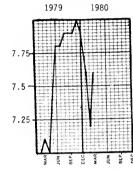


INDUSTRIAL EMPLOYMENT

MINING (IN THOUSANDS) (NOT SEASONALLY ADJUSTED)

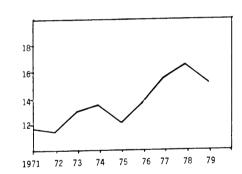
	1979	1980
January	7.0	7.6
February	7.0	7.2
March	7.1	7.6
April	7.0	
May	7.4	
June	7.8	
July	7.8	
August	7.9	
September	7.9	
October	7.9	
November	8.0	
December	7.9	

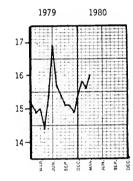




CONTRACT CONSTRUCTION (1N THOUSANDS)

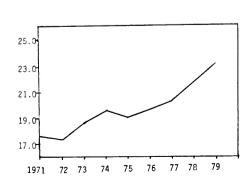
	1979	1980
January February March April May June July August September October November December	15.2 14.9 15.0 14.4 15.4 16.9 15.7 15.4 15.1 14.9 15.3	15.8 15.6 16.0

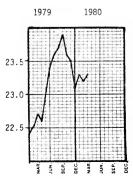




TRANSPORTATION AND PUBLIC UTILITIES (IN THOUSANDS)

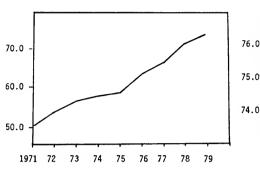
	1979	1980
January February March Appril May June July August September October November	22.4 22.5 22.7 22.6 23.3 23.4 23.6 23.7 23.9 23.6 23.5 23.5	23.3 23.2 23.3

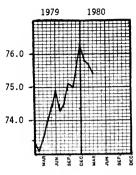






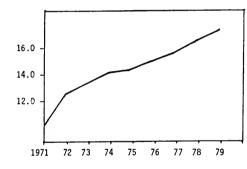
	1979	1980
January February March April May June July August September October November December	73.4 73.1 73.5 74.0 74.4 74.9 74.3 75.1 75.0 75.6	75.8 75.7 75.4

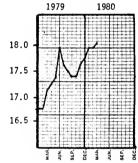




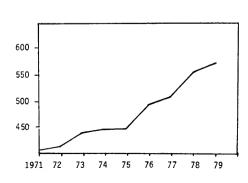
	TRADE (IN THOUSANDS)		
	1979	1980	
January February March April May June July August September October November December	16.7 16.7 17.2 17.3 17.4 18.0 17.6 17.5 17.4 17.4 17.6	18.0 18.0 18.1	

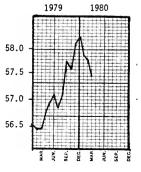
WHOLESALE





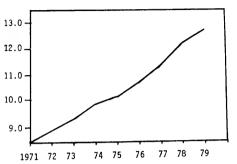
	TR	AIL ADE USANDS)
	1979	1980
January February March April May June July September October November December	56.5 56.4 56.7 56.9 57.1 56.8 57.7 57.6 58.1	57.9 57.8 57.4

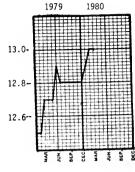




FINANCE, INSURANCE & REAL ESTATE (IN THOUSANDS)

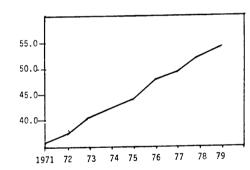


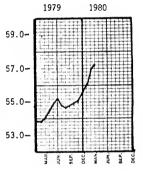




SERVICES (1N THOUSANDS)

	1979	1980
January February March	53.8 53.8 54.0	56.0 56.9 57.2
April	54.5	
May	54.9 55.2	
June July	54.8	
August	54.7	
September	54.8	
October	54.9	
November	55.0	
December	55 .5	





GOVERNMENT (IN THOUSANDS)

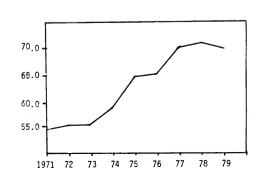
71.7

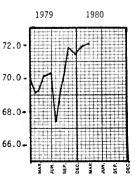
71.6

	1979	1980
January	70. 0	71.8
February	59.1	72.0
March	69.3	72.1
April	70.1	
May	70.2	
June	70.3	
July	67.4	
August	69.1	
September	70.3	
October	71.8	

November

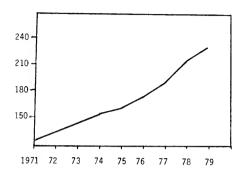
December

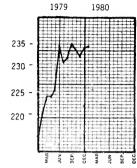




GROSS WEEKLY EARNINGS (IN DOLLARS)

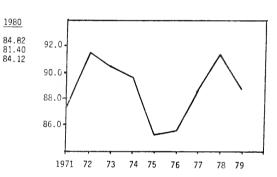
	1979	1980
January	217.37	234.61
February	221.13	226.33
March	224.88	237.50
April	224.49	
May	226.91	
June	234.46	
July	231.35	
August	232.76	
September	235.40	
October	233.35	
November	232.61	
December	233.33	

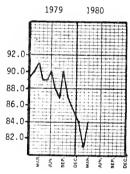




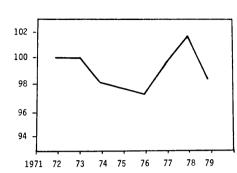
REAL WEEKLY SPENDABLE EARNINGS (IN DOLLARS)

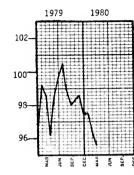
	1979
January February March April May June July August September October November December	89.67 90.29 91.02 89.68 89.19 90.18 88.60 87.95 90.80 87.53 86.70 85.89





	MONTANA COMPOSITE INDEX (1972=100)		
	1979	<u>1980</u>	
January February March April May June June August September October Occember	96.9 99.2 98.6 96.2 98.5 99.7 100.5 98.9 98.0 98.6 97.5	97.5 96.4 95.6	

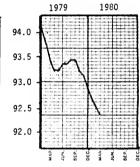




		ENT INDEX
	(1972=100)	
	1979	1980
January February March April May June July August September October November December	94.2 93.7 93.4 93.2 93.3 93.3 93.4 93.4 93.1 93.2 93.1	92.7 92.5 92.4

MARGINAL EMPLOYMENT





EMPLOYMENT SECURITY DIVISION DEPARTMENT OF LABOR AND INDUSTRY P. O. Box 1728 Helena, Montana 59601

POSTAGE AND FEES PAID EMPLOYMENT SECURITY MAIL LAB 449

OFFICIAL BUSINESS



The Montana State Employment Security Division maintains 24 local Job Service Offices in the principal cities of Montana. You are invited to call on any of these offices for assistance in filling positions in your organization, additional labor market information, and for other services in connection with your employment problems.

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